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THE EUROPE AND SOVIET UNION AGRICULTURAL SITUATION

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MIDYEAR REVIEW



SITUATION CONTINUES GOOD IN 1967

The outlook for agricultural production in Western Europe was favorable as of mid-August 1967. Soil moisture conditions have been good in most areas. A very good grain harvest appears to be in prospect.

Most other crops are also developing favorably. Sugarbeet production is expected to show a substantial increase over last year. Modest production increases appear to be in prospect for tobacco and potatoes. On the other hand, production of vegetables and fruits, including citrus, will probably decline from 1966 levels.

Prospects for livestock in Western Europe in 1967 are relatively favorable. On January 1, cattle herds were slightly larger than a year earlier. Hog numbers were about the same, but there were fewer sheep. Beef and veal production probably will rise in 1967; an increase in pork output is forecast in the second half. The rapid increase in broiler output of the last few years probably will continue this year. Supplies of feed from pastures and crops appear relatively good.

In Eastern Europe, preliminary reports of crop and livestock developments point to another good agricultural year in all countries. Successive good bread grain harvests in this area have improved domestic supplies, increased carryover stocks, and reduced the likelihood of heavy imports during 1967/68. Better feed supplies, coupled with higher prices and bonuses, have also boosted the livestock sectors. Bulgaria, Hungary, and Romania continued to expand the area sown to vegetables this year. The first crop from newly bearing vineyards and orchards in the Balkan countries enhances the harvest prospects of grapes and tree fruit. Barring exceptionally poor weather through the remainder of the crop season, all countries of Eastern Europe could show gains in gross agricultural output in 1967.

The agricultural situation in the USSR as of early August was generally favorable, reflecting the beneficial effects of the good grain harvest of 1966, and the generally good condition of crops. The strong upward movement

of fertilizer production noted in recent years continued through 1966/67. Deliveries of new farm equipment, however, showed little change from the first half of 1966, suggesting either difficulties in allocating additional machinery for agriculture or a downward revision in the 1966-70 plan.

Grain production is tentatively estimated to be 15 percent below the bumper harvest of 1966, but it will be more than adequate to cover domestic consumption and some exports.

The outlook for industrial crops--cotton, oilseeds, sugarbeets, and flax--is good and output may approximate the levels of 1966. Midyear reports on livestock showed sharp gains in inventories of sheep and goats, slight gains for cattle and cows, and a decline for hogs. The output of meat, milk, eggs, and wool increased significantly compared with the first 6 months of 1966.

WESTERN EUROPE

Grain: Prospects for the 1967 grain harvest in Western Europe are very favorable. Total grain production is expected to exceed last year's output by over 5 million tons,^{1/} with strong possibilities of exceeding the record 1965 crop of close to 106 million tons. Expectations for the current harvest, however, are based on a continuation of good weather.

Western Europe's wheat harvest is estimated to be significantly larger than last year's short crop (40 million tons) but still below the record 1965 crop (over 45 million tons). Total wheat area is up only slightly from last year's reduced area. Winterkill was negligible throughout Western Europe in 1966/67.

Wheat production in the EEC is expected to exceed last year's level of 27 million tons by almost one-tenth. Output of wheat in France, the EEC's major grain producer, will exceed the poor harvest of 11.3 million tons in 1966 by approximately 15 percent. Wheat production in West Germany, Belgium, and the Netherlands is also expected to be significantly larger than in 1966. A somewhat smaller wheat crop is expected in Italy, where the wheat area dropped by about 300,000 hectares (7 percent) because of heavy rains and flooding in the fall of 1966.

The United Kingdom and Spain are the major European wheat producing countries outside the EEC. Production in the United Kingdom may reach 3.8 million tons, roughly 5 percent above last year's level; in Spain a second consecutive good wheat crop of around 5 million is in prospect. Favorable weather and increased acreage in several of the Scandinavian countries are expected to raise wheat output substantially in that area. Portugal's wheat output is estimated at about 650,000 tons--more than double last year's poor crop.

Most of the West European countries have expanded feed grain acreage from last year's level. However, acreage did not increase in Ireland, Austria, and

^{1/} Metric tons are used throughout this report.

Sweden. Production of feed grains in Western Europe is estimated at 60 million tons, approximately 3 million tons more than in 1966.

Barley accounts for much of the expected increase in production of feed grains. Acreage is up and weather has been favorable. Output in the EEC is expected to be over a million tons above last year's level of 12.5 million tons, largely due to increased production in France. The United Kingdom will probably harvest somewhat less barley than last year's crop of 8.9 million tons. Greece's barley crop probably will reach a record of about 250,000 tons (compared with 412,000 in 1965). Producers diverted part of Greece's wheat area to barley.

Increased area and favorable yields probably will push West European corn production to almost 11 million tons, an increase of about 5 percent over 1966. Italy should harvest 4 million tons of corn in 1967--about as much as France. Corn production in Spain should increase by one-tenth to 1.3 million tons.

Other crops: Prospects for crops other than grains in Western Europe are generally good.

Production of sugarbeets, the leading industrial crop, is expected to show a substantial increase from last year. This is due primarily to increased acreage in all of the EEC countries, a result of liberal quotas and favorable prices established under the Community's sugar regulation. The only West European country outside the EEC showing a significant upswing in sugar-beet area is Spain.

Tobacco production in Greece is expected to be up by 10 to 15 percent due to increased acreage. The tobacco crop in Spain should be about half again as large as the poor crop in 1966. France and Italy are expected to have tobacco crops about equal to last year's.

An increase in cotton production in Greece is expected to be largely offset by a decline in Spain. A downward adjustment in Government support prices for cotton is considered to be responsible for Spain's expected reduction in output.

Current indications are that the olive crop in the European part of the Mediterranean Basin will about equal last year's output. The olive crop in Spain is expected to be about one-tenth less than in 1966. However, a much better olive crop is expected in Portugal and some increase in output appears likely in Italy and Greece.

Western Europe's potato crop may show a slight increase over 1966 production. Acreage increases are expected in France and the United Kingdom. On the other hand, an acreage decline of 4 to 5 percent is estimated for West Germany, the major potato producer in Western Europe.

Fruit and vegetable production in 1967 is unlikely to equal last year's relatively good crop. Heavy frosts in April and May resulted in varying degrees of damage in most West European countries. The fruit crops in Spain

and the United Kingdom were particularly hard hit. A reduction in stone fruit is also expected in a number of other countries including West Germany, Italy, and Belgium.

The citrus crop is expected to be lower than the relatively good crop in 1966. Frosts in Spain appear to have affected flowering, which will reduce output. Lower yields in Italy and Greece are expected to be offset by new citrus groves now coming into production.

Livestock: At the beginning of 1967, cattle numbers in Western Europe totaled almost 88 million head, about 2 percent more than a year earlier. Approximately 60 percent of the cattle are in the EEC countries, principally France and West Germany. The sporadic outbreaks of foot-and-mouth disease in certain areas apparently had little effect on animal numbers; producers have rebuilt herds, offsetting losses from the disease.

Beef and veal production is expected to show a moderate increase over 1966. During the first quarter of 1967, beef and veal production in West Germany, France, and the United Kingdom was higher than a year earlier by 8.8 percent, 7.2 percent, and 4.3 percent, respectively. These increases in output were probably due mainly to the relatively good feed supply from the 1966 crop. Any increase in cattle numbers in Western Europe during 1967 is likely to be small.

The number of hogs in Western Europe at the start of 1967 totaled 70 million head, almost the same as in the previous 2 years. EEC countries had a total of almost 39 million--of which more than half were in West Germany.

Most West European countries expect increases in hog numbers during 1967. Austria reported an increase of 15 percent during the year ending March 1967. Sweden and Belgium also had increases. A decline in numbers during 1967 is expected in the United Kingdom, Denmark, Norway, and Ireland. The impact on hog numbers of the serious outbreak of swine fever in Italy early in 1967 is still uncertain.

Some European sources expect the number of hogs slaughtered between July 1967 and June 1968 to be roughly 5 percent above that in the preceding 12 months. However, the numbers slaughtered during July 1966-June 1967 was down about 3 percent from the previous year.

The number of sheep in Western Europe totaled about 76 million at the beginning of 1967, approximately 3 percent less than a year earlier. Most of the decline was accounted for by Spain, the United Kingdom, Ireland, and Greece.

EASTERN EUROPE

Fall plowing and seeding were carried out under favorable weather conditions. While fall-seeded crops germinated slowly in the southern countries, particularly in Bulgaria and Hungary, more-than-adequate rainfall in November and December stimulated plant growth before the onset of winter.

Eastern Europe experienced a relatively mild winter; snow cover reportedly was adequate. Winterkill exceeded the normal 3 to 4 percent of the fall-seeded area only in the eastern part of Poland and in some rye areas of Czechoslovakia. Because of the mild fall, the grazing season was extended. This, coupled with better supplies of both concentrates and roughage, encouraged farmers to carry more livestock through the winter.

Spring arrived early in Eastern Europe. Field work and sowing of small grains were carried out in timely fashion. However, rain and cool weather later in the spring slowed the planting of row crops and caused excessive growth of weeds.

Grain: Despite variable weather throughout the area, prospects are good for small grains. Wheat production is expected to surpass the area's bumper 1966 crop of 22.5 million tons. An expansion of wheat acreage in the northern countries, a shift to higher yielding varieties in East Germany and Czechoslovakia, and a boost in yields over 1966 in Romania and Yugoslavia are the favorable factors influencing this year's output.

Total bread grain production (wheat and rye) is expected to reach 35 million tons, an increase of 1 million tons over last year. Production of bread grains will cover consumption needs in Bulgaria and Romania with possibly some surplus for export. Hungary's production will approximate self-sufficiency and Yugoslavia's harvest should increase carryover stocks. Poland, Czechoslovakia, and East Germany, however, will continue to import wheat during 1967/68.

Output of barley, oats, and mixed grains may also match last year's level. Although Yugoslavia has reported a 10-percent drop in barley acreage, there is no evidence of any significant downward adjustment in the area of other small feed grains for Eastern Europe as a whole. As of mid-August, corn was reported to be in satisfactory condition in the major corn-producing countries: Bulgaria, Hungary, Romania, and Yugoslavia. Acreage is tentatively estimated at the same level as in 1966. Because of the less-than-optimal weather conditions this year, Eastern Europe is not expected to equal last year's record corn harvest.

Other crops: Last year's extremely good sugarbeet production will also be difficult to match. Acreage is down in Czechoslovakia and probably lower in Poland. East Germany may harvest about the same acreage as last year, but the delay in planting because of the cool, wet weather could adversely affect yields. For similar reasons, it is unlikely that Romania and Yugoslavia will be able to repeat the excellent harvests of last year.

Prospects for another good year for potatoes were also dimmed somewhat by planting delays. Declines in the planted area are reported for East Germany and Yugoslavia. Frost damage to early potatoes was reported in East Germany and Hungary.

Total area of rape--the leading oilseed in the northern countries--was unchanged, winter damage was negligible, and the harvest has been reported as promising. Sunflower--a more important oilseed crop in the southern countries--has developed favorably, but a slight decrease in area is reported

in Hungary and Yugoslavia. Currently, however, good oilseed crops are expected throughout the entire region.

Vegetable and fruit production is expected to be about average, although some frost damage has been reported in Hungary and Yugoslavia. The area of vegetables increased slightly in Bulgaria, Hungary, and Romania, the main producing countries. Continued extension of irrigation and heavier use of fertilizer both suggest higher yields. More fruit trees of bearing age also improve the prospects for a larger fruit crop in Eastern Europe this year.

Livestock: Livestock numbers at the beginning of 1967 were estimated above 1966 numbers in every country of Eastern Europe. The larger holdings of livestock developed partly because of the good corn crop in 1966, and partly because of price incentives offered in most of the countries. Favorable pasture conditions and good first cuttings of hay and forage crops in the area suggest a continued upturn in milk output in 1967.

Current programs throughout the area call for larger holdings of cattle, but the feed situation favors a more rapid upturn for hogs. Sheep numbers are expected to increase slightly in Bulgaria, Romania, and Yugoslavia because of the improved pasture conditions. The good feed situation in all countries, combined with policy measures to reward efficiency, could mean more milk per cow, eggs per hen, and wool per sheep this year. Poultry and egg production will probably move upward for the same reasons.

Bulgaria, Hungary, Poland, Romania, and Yugoslavia are exporters of livestock and livestock products, while Czechoslovakia and East Germany import livestock products. Except for Bulgaria, Romania, and Yugoslavia, feed imports will be necessary in the countries of Eastern Europe during 1967/68.

SOVIET UNION

Fall sowing of winter grains in the USSR was completed under less-than-optimal conditions. The dry fall was somewhat similar to those experienced in 1965 and 1966. However, spring rainfall was ample and fall-sown crops made a good recovery. Some resowing of poorly germinated winter wheat was reported, but there has been no evidence of extensive winterkill. Fertilizer application on winter grains, which has been increasing rapidly in recent years, was increased again for the 1967 crop.

Weather for spring-sown grains varied greatly between the eastern "new lands" regions of the USSR and the spring grain areas in European Russia. In the "new lands," the year started with low soil moisture reserves. Favorable rains fell in late May and early June. This partly mitigated the poor soil moisture conditions, but more moisture was needed to insure a satisfactory harvest. In the southern part of European Russia, cold rainy weather delayed spring sowing, but the area sown to barley, oats, millet, buckwheat, rice, and pulses should be about the same as in 1966. Growing conditions up to harvest time were average-to-good in most regions of European Russia. While there were some delays in planting row crops, growth has been satisfactory and early reports suggest good crops of potatoes, sugarbeets, and oilseeds.

Grain: Preliminary grain production estimates indicate a drop of 12 to 18 percent from the record harvest of 1966, with the largest decline in wheat. Resowing of poorly germinated winter wheat to other grains, a downward shift in the area sown to spring wheat, and the less-than-optimal weather conditions throughout most of the major grain areas have affected this year's grain crop.

However, a grain crop of the size expected, roughly approximating the 1962 harvest, should adequately cover domestic needs and provide some cushion for exports and stocks. During 1967/68, it is unlikely that the Soviet Union will extend its purchases beyond the programmed annual purchases of approximately 3 million tons of wheat from Canada under the 3-year trade agreement.

Other crops: More favorable harvests are forecast for industrial and row crops. Midyear reports indicated that the sowing plans for sugarbeets, sunflowers, cotton, and flax were fulfilled or overfulfilled. The plan for potatoes, however, was not met.

Reports of good plant growth, an increase in the planted area, and the continued high application of fertilizer point to a sugarbeet harvest as good as that of 1966. Prospects are also good for the oilseed crop, most of which is accounted for by sunflowerseed. While the total sown area may be down slightly from 1966, growing conditions in the sunflower regions, primarily the North Caucasus, Ukraine, and Moldavia, have been reported to be fair-to-good. Yields are not expected to depart too sharply from 1966. Exports, therefore, will probably remain strong during 1967/68.

Potato output could reach the level of the past 2 years even though the sown area in the socialized sector is down slightly this year.

The cotton area is expected to remain at the level of the past several years, around 2.46 million hectares. Fertilizer application is already high for cotton, but further increases are expected this year. Output should run close to 6 million tons, unginned.

Livestock: Production of livestock products is expected to be sharply higher this year, reflecting the good supply of feed and some improvement in the efficiency of feeding. But total livestock numbers may show little or no improvement over the end-of-year numbers of 1966. Midyear cattle and cow numbers, for example, were not much above the level a year earlier. Sheep numbers rose significantly, but hog numbers declined. The decline in hog numbers may reflect the delayed impact of foot-and-mouth disease in late 1965.

In contrast to the developments in livestock numbers, the output of livestock products shot up during the first half of 1967. On state and collective farms, meat production rose 21 percent, milk production 8 percent, and egg production 15 percent from the level for the first 6 months of 1966. Milk yields also increased 6 percent and the liveweight of slaughtered livestock continued to move upward. These increases follow large increases in 1966 and reflect the improved feed supplies and response to economic incentives in the past few years.

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